

EXPLANATORY MEMORANDUM TO AASB17 INSURANCE CONTRACTS INFORMATION NOTE

March 2018

A. About this Explanatory Memorandum

This Explanatory Memorandum has been prepared to assist Members in understanding the new AASB 17 Insurance Contracts Information Note (AASB17 IN).

B. Background to review

The IFRS17 Insurance Contracts global accounting standard was finalised in May 2017. In July 2017, the AASB released AASB 17 Insurance Contracts, as an implementation of IFRS 17.

AASB 17 will result in significant changes to the accounts of life, general and health insurance companies in Australia, and major changes will be needed to actuarial work supporting those accounts.

The AASB 17 IN has been prepared to ensure consistency in interpretation of the Standard, influence the transition to the new Standard, identify issues in the Standard that affect the Profession.

The Standard is complex and there are many challenges in understanding its implications and providing definitive guidance. This version of the Information Note has been issued in draft form and it will form the basis of discussion with interested members. In particular, there will be a workshop on 3 April 2018. Details of the workshop can be found [here](#)

C. Review process and consultation

The Institute established an IFRS17 Implementation Taskforce to help prepare the profession in Australia for the new standard. Its core membership includes representatives from General insurance, Life insurance and Health insurance practice areas, industry and big four accounting firms, New Zealand Society of Actuaries, APRA and the Accountants and Actuaries Liaison Committee (AALC).

Through its membership and links to the various Practice Committees, the Taskforce has also drawn on many other Institute members in its work.

D. Key changes

This is the first draft version of the Information Note. After the workshop, a further version then will be produced. It is expected that additional versions will be necessary in due

course as accounting interpretations are clarified and members gain more experience with the AASB 17 Standard.

END OF EXPLANATORY MEMORANDUM